3/2/88 CB175-1

American Banker

The Daily Financial Services

VOL. CLIII NO. 42 Wednesday, March 2, 1988

155389000015 2/ 5/07 C11
STATISTICAL REFERENCE INDEX
JOHN P KENNEDY
4520 EAST - WEST HIGHWAY
SITE 800
BETHESDA MD 20814

1 Year

Today

TECHNOLOGY

Automated banking will become more convenient for Chicago-area residents as the two dominant ATM networks in Illinois combine after nearly a year of delays. The Cash Station and Money Network organizations actually merged in January 1987. 6

Increased efficiency in the automated clearing house may be achieved by shifting emphasis from exotic applications to proven uses, writes Bruce J. Summers, senior vice president at the Federal Reserve Bank of Richmond. 8

INSIDE

Comerica Inc. said it will purchase Grand Bancshares, Dallas, in what is believed to be the first acquisition by a Midwest banking company outside the region. With its Texas addition, Comerica of Detroit is expected to emerge as the latest superregional bank holding company in the Midwest. Grand Bancshares owns three banks, with total assets of $460 million; Comerica has assets of $9.8 billion. 2

Independence Bancorp is considering legal action against Drexel Burnham Lambert Inc., claiming that $104 million in bonds purchased from the underwriter were not worth the price. The Pennsylvania bank holding company says the bonds were bought at a par value of about $104 million, which its auditors estimate is $5.2 million above the fair market value. 2

Irving Bank Corp. will have to repair strained relations with some of its largest shareholders if it is to win a proxy contest with the Bank of New York Co., which has been trying to acquire Irving since last September. 2

Wells Fargo Bank of California broke the silence surrounding bidding on Mexico's debt-for-bond swap by announcing it had tendered $80 million of its $604 million Mexican loan portfolio. Officials said the bank had tendered $30 million of its Mexican loans at a price of 70-to-75 cents on the dollar and $50 million of loans for 79.5 cents on the dollar. 3

COMMENT

Should banks acquire healthy thrifts? The heat is on the Fed, writes John D. Hawke, a partner in the Washington law firm of Arnold & Porter. 4

KEEPING CURRENT

Executive Changes 11
In the News 3

Quote/Unquote

I think it behooves a bank to look at the contract they are getting ready to sign and make sure there's a way to extricate themselves from a relationship if it is not working the way they expected it to.

William G. Seymour, vice chairman of Broadway & Seymour Inc., on commitments with software providers. [Page 1]

An American Banker Survey

Banks Look to Affinity Groups for Card Growth

By MICHAEL WEINSTEIN
Second of a Series

Affinity-group marketing is expected to be the best source for new credit card accounts this year, according to the *American Banker's* second annual credit card survey.

That marketing technique has already been heavily used by a number of banks for the last few years.

As the credit card market has become increasingly saturated, bankers in recent years have been looking for new ways to increase their business. Other marketing techniques cited in the survey include direct mail, cross-selling to existing customers, and advertising in bank branches, merchant locations, or newspapers.

An affinity-group program enables a bank to market credit cards to a group of consumers who have a common bond, such as the same alma mater, the same professional association, or the same frequent-flyer group. The sponsoring organization typically endorses the bank's card in return for financial compensation from the bank based on members' acceptance or use of the affinity card.

Last June, the *American Banker* mailed about 110 questionnaires to the nation's biggest financial institutions and top credit card banks. Sixty responses were received by mail or by telephone in the next several months.

When asked to pick the best source of new accounts in the upcoming year, from a list of several marketing techniques, 25 out of 60 bank — or 42% of the survey respondents — chose affini-

Banks: Page 14 ➤

New-Account Winners

Banks rank these techniques as likely to be the best for getting new accounts in 1988

Affinity-group marketing	42%
Direct mail	25
Cross-selling to customers	15
Portfolio acquisitions	8
In-branch advertising	3
Newspaper advertising	3
Ads at merchant locations	0
Through agent banks	0

Base: 60 respondents
Source: American Banker

FROM THE REGIONS

THE MIDDLE ATLANTIC

Booming Suburbs of Washington Teem With New Banks Touting Personal Touch

By BILL ATKINSON

WASHINGTON — Kenneth L. Crovo, president and chief executive officer of Bank of Loudoun, was riding high last September when his startup bank raised $5 million in a month through an initial stock offering.

"I was really amazed," said Mr. Crovo, whose bank is based in Leesburg, Va., about 35 miles west of Washington. "I think it is a real endorsement of the profitability of these small banks."

Bank of Loudoun is just one of many small business banks to pop up in the Washington metropolitan area.

In the last six years, six new banks have opened in Washington, according to the Federal Deposit Insurance Corp. During the same time, 14 banks opened in Maryland and 34 opened in Virginia.

And there is little sign of a slowdown. As of January, Bank of the Potomac, based in Herndon, Va., had raised $6.5 million in just three months. It expects to open by midyear.

According to the Office of the Comptroller of the Currency, 10 applications were filed for national bank charters in Washington and surround-

From the Regions: Page 14 ➤

Software Vendor Charges Rival 'Stole' Customer

By DAVID O. TYSON

NEW YORK — In a suit that may affect relations between banks and software vendors, one software company is charging a competitor with stealing a banking customer and gaining access to programming trade secrets.

The 14-month-old federal case, which has had no publicity, is an extreme action to cope with a problem that comes up when a new vendor installs a system in a bank: how to protect

Software Vendor: Page 7 ➤

TECHNOLOGY TODAY
AN AMERICAN BANKER WEEKLY FEATURE

Section Begins on Page 6

CA-INFOPOINT™
Established by UCCEL.
Advanced by Computer Associates.

Providing more solutions for more banks and thrift institutions than any other financial software.

For our informative brochure, call Chris Andrews:
1-800-343-4133. (In Massachusetts, 1-800-322-0491).

Computer Associates
One Tech Drive, Andover, MA 01810-2497

COMPUTER ASSOCIATES

COMMENT

Should Banks Acquire Healthy Thrifts? The Heat Is on the Fed

By JOHN D. HAWKE JR.

ANYONE WHO BELIEVES that being a member of the Federal Reserve Board is good for the digestion should take a look at the responses the board has received to its request for comment on whether it should permit bank holding companies to acquire healthy thrift institutions.

The Fed's invitation precipitated submissions from more than 200 commentators, ranging from a woman in the Pacific Northwest who dismissed the idea as "extremely nauseating" and "utterly disastrous," to the chairmen of the Senate and House Banking committees, each of whom made clear they thought the issue should be left to Congress. So great was the interest in the proposal that a finance professor at Bentley College in Massachusetts assigned his financial intermediation students as homework the task of preparing and submitting their own comments.

Probably the most important comments on the proposal came from within the government. The Federal Home Loan Bank Board, concerned that if banking organizations were permitted to acquire healthy thrifts they might not become bidders on failing thrifts, urged the Fed to approve such acquisitions only where the bank holding company agreed also to acquire one or more failing S&Ls. It supported such acquisitions on a nationwide basis — that is, without regard to geographic limits on the acquisition of banks; it urged the board to eliminate the "tandem operations" restrictions imposed on holding companies that have been allowed to acquire failing thrifts; and it argued that acquired thrifts should be permitted to exercise all of the powers available to thrifts not otherwise affiliated with banks.

There is no factual or logical basis for assuming that if a bank holding company is permitted to acquire a healthy thrift, its lust will be so sated that it will not be interested in bidding on FSLIC problem cases.

— John D. Hawke Jr.

Legislative Storm?

The thunder that rolled down from Capitol Hill, however, presaged a legislative storm. House Banking Committee Chairman Fernand St Germain, D-R.I., joined by the ranking minority member of the committee, Rep. Chalmers P. Wylie, R-Ohio, lectured that the Fed's proposal "would unnecessarily hamper" the Bank Board's efforts to resolve the problems of troubled thrifts, that it "is for Congress to make fundamental decisions of this nature, and that "any action by the Federal Reserve Board at this time would be totally unwarranted." Senate Banking Committee Chairman William Proxmire, D-Wis., and Rep. Frank Annunzio, D-Ill., voiced similar objections.

Most of the major banking trade associations generally favored the proposal, although a split emerged among bankers with respect to geographic limits on expansion through thrifts. The American Bankers Association, together with state associations in Florida, Connecticut, California, Tennessee, and Virginia, urged the Fed to "Douglasize" thrift acquisitions — that is, to permit the acquisition of healthy thrifts only in states in which the bank holding company could acquire a bank, under the constraints of the Douglas Amendment. Others urged that nationwide acquisitions be permitted.

Not surprisingly, the Independent Bankers Association, a leader in the fight against geographic expansion through nonbank banks, urged the Fed to retain its D.H. Baldwin rule, under which bank holding companies have been permitted only to acquire failing thrifts.

A divergence of views also emerged in the thrift industry. The U.S. League of Savings Institutions, together with the Council of Mutual Savings Institutions and a number of state leagues, vehemently opposed any change in the D.H. Baldwin rule. In contrast, the National Council of Savings Institutions supported the proposal, on the condition that the Fed "Douglasize" thrift acquisitions. The Association of Thrift Holding Companies gave unconditional support.

Finally, there were a few comments from outside the financial institutions industry. The Independent Insurance Agents of America, who have spent the better part of two decades successfully keeping bank holding companies from expanding their insurance activities, cautioned that acquired thrifts had to be subject to the same activity limits as would otherwise be applicable to bank holding companies. The National Association of Home Builders, also expressing support for activity and geographic limits, endorsed the proposal provided that steps were taken to assure that acquired thrifts would maintain their basic character as home mortgage lenders.

Key Issues

Several key issues emerge from this cascade of opinions:

• **Should the Fed Impose Geographic Limits?** Clearly, the issue of "Douglasizing" thrift acquisitions is politically sensitive for the Fed. But the very rationale offered for doing so — to prevent bank holding companies from acquiring thrifts where they cannot acquire banks — should compel the Fed to reject geographic limits. Banking organizations are likely to be willing to pay for the opportunity to enter new markets otherwise foreclosed to them, by infusing new capital into the thrift industry.

Moreover, thrifts insured by the Federal Savings and Loan Insurance Corp. have been defined by Congress itself not to be "banks" and are therefore not covered by the Douglas Amendment. It is thus difficult to see how a sustainable legal rationale for "Douglasizing" thrift acquisitions could be fashioned.

• **Should the Fed Impose Activity Limits?** As with interstate expansion, an important part of motivation for banking organizations to acquire thrifts is the prospect of obtaining expanded powers. While the Fed has suggested that it may be compelled by law to apply the restrictions of section 4(c)(8) of the Bank Holding Company Act to the various activities of thrifts acquired by bank holding companies, it is far from clear that the law dictates such a conclusion. The board might, for example, simply define the "activity" involved as engaging in the business of operating a federally regulated thrift institution — an activity that is, after all, defined and circumscribed by a network of federal laws and regulations, and supervised by another federal agency.

As a practical matter, however, the Fed is unlikely to adopt such an approach — despite the Bank Board's urgings that it do so to enhance the marketability of thrifts. If for no other reason, the long-standing concern at the Fed about the dangers of real estate activities — activities that have contributed substantially to the depressed condition of the thrift industry — are likely to deter it.

• **Should the Fed Require "Packaging" of Healthy and Sick Thrifts?** One certainly must sympathize with the Bank Board's motivations in urging that healthy thrifts be "packaged" with basket cases, but the underlying rationale for packaging must be viewed not only as illogical and inequitable, but counterproductive.

There is no factual or logical basis for assuming that if a bank holding company is permitted to acquire a healthy thrift, its lust will be so sated that it will not be interested in bidding on FSLIC problem cases. Certainly no such assumption has worked with respect to existing savings and loan holding companies that own healthy thrifts and do not own banks. Indeed, these are precisely the companies have been the most frequent bidders on failing thrifts. The fact that they already own healthy institutions does not seem to have dampened their ardor.

Nor has such an assumption worked with respect to prospective thrift acquirers that own neither a bank or an S&L. The Bank Board has routinely permitted the formation of new thrift holding companies through the acquisition of healthy thrifts without worrying about the acquirers' motivations to participate in future auctions of failing thrifts.

One could reasonably expect that once a banking organization has a foothold in the S&L business it will have the same incentive as any other thrift owner to bid on problem takeovers. Mandatory packaging would amount to no more than a requirement that one special class of acquirers — bank holding companies — pay a governmentally dictated premium in order to acquire healthy thrifts. As such it would not only create an unfair and unreasonable distinction among thrift acquirers, but by increasing the costs of healthy thrift acquisitions would undoubtedly serve to diminish the interest of banking organizations in acquiring any thrifts.

• **Should the Fed Require Maintenance of FSLIC Insurance?** One fear voiced by many commentators on the Fed proposal is that bank holding companies acquiring healthy thrifts would be likely to convert the thrifts to banks insured by the Federal Deposit Insurance Corp. at the earliest opportunity, to escape the higher premiums assessed by the FSLIC. Such a result, it is argued, would undermine the FSLIC recapitalization plan enacted by Congress last year, which depends on a continued flow of premiums to service the recapitalization debt. Thus, it has been suggested that such acquisitions be conditioned on maintenance of FSLIC insurance for some specified period.

Because of the Douglas Amendment, of course, the Fed probably would not sanction a charter "flip" in any event if the bank holding company acquired the thrift at a location where it could not acquire a bank. More importantly, Congress signals its acquiescence to charter flips by failing to extend that moratorium, it would hardly seem appropriate for the Fed on its own to preclude such exit solely for thrifts acquired by bank holding companies.

• **Should the Fed Act at All?** There is no doubt whatsoever about the Fed's legal authority to permit the acquisition of healthy thrifts. Nor is there any question that it could make supportable findings that satisfy the standards of section 4(c)(8). The real question is whether the Fed is willing to take the political heat that will be generated if it abandons or modifies the D.H. Baldwin rule.

The Fed has always prized its independence within the government, and preservation of that independence unquestionably depends upon its prudent exercise. But Congress has entrusted the Fed with the administration of the Bank Holding Company Act. Some

Comment: Page 10 ➤

Mr. Hawke is a partner in the Washington law firm of Arnold & Porter. He served as general counsel to the Federal Reserve Board from 1975 to 1978.

American Banker
The Daily Financial Services Newspaper
Established 1836
One State Street Plaza, New York, N.Y. 10004
(212) 943-6700

Editor: William E. Zimmerman
News Editor: Thomas J. Ferris
Associate Editors: Laura Gross, Sanford Rose, David O. Tyson
NEWS BUREAUS:
Washington: Chief, Robert Trigaux, 911 National Press Building, Washington, DC 20045; (202) 347-5529
Midwest: Chief, Richard Ringer, 53 W. Jackson Blvd., Suite 230, Chicago, Ill 60604; (312) 663-6380
West Coast: Chief Robert Luke, Suite 320, 510 W. Sixth St., Los Angeles, CA 90014; (213) 627-0953
San Francisco: Chief, Michael A. Robinson, 450 Sansome Street, Suite 1420, San Francisco, CA 94111; (415) 986-8705
Southwest: Chief, David LaGesse, Suite 1600, 8080 North Central Expressway, Dallas, TX 75206; (214) 891-8878
New England: Chief, Michael Weinstein, 210 South St., Boston, MA 02111; (617) 542-6848
London: Chief, John J. Duffy, American Banker, c/o Infopac S.A., 31-35 Beak St., London W1R 3LD England; (01) 439-3066
Feature Editions Editor: Patricia Stundza
Chief Statistician: L. Michael Cacace
Senior Editor, Copy Desk: Aileen L. Kyte
Art Director: Pamela Burtz
Contributing Editor: Paul S. Nadler

President: Richard H. Tierney
Executive Vice Presidents:
Publishing - Edmund C. Burke
Information Products - Robert S. November
Administration - Con A Rusling
Vice Presidents:
Production Services - Neil Fitzgerald
Advertising - Edward C. Frey
Circulation - James E. McSurely

Advertising:
New York: (212) 943-4259
Chicago: (312) 663-6390
San Francisco: (415) 421-7950
Los Angeles: (213) 382-6346
Charlotte: (704) 522-7181
Classified: (800) 221-1910
International: (212) 943-4250
Telex: 421768 ABKR

Subscription Rates: U.S. $525.00, Canada $775.00.
Canada Air Mail and Foreign $1090.00. Single copy $3.45
©1988 by American Banker • Bond Buyer, a division of International Thomson Publishing Corporation.
All rights reserved.
"American Banker" is a registered trademark of American Banker • Bond Buyer. Registered in U.S. Patent and Trademark Office.
Published daily except Saturday, Sunday and holidays.
Second Class Postage Paid at New York, N.Y. and at additional mailing offices in U.S.A. (ISSN No. 0002- 7561)
Postmaster: Send address changes to American Banker, 1 State Street Plaza, New York, N.Y. 10004

For subscription orders and inquiries call:
Outside New York - (800) 221-1809
In New York - (212) 943-9589 Collect.

Wires: WU Telex 882385 Answer Back: AmerBank NYK. WUI 62594 AMERBANKER
Cable Address: AMERBANKER New York.
Telecopier: 1-212-943-2222

FROM THE REGIONS

THE MIDDLE ATLANTIC

New Banks Spring Up Throughout Washington Area

Continued from Page 1

ing suburban areas in 1987. Nine of the applications have been approved.

Much of this growth is centered in the rapidly growing Maryland and Virginia suburbs.

"In the past, you have had a small bank here and a small bank there, but this particular rash is unusual," said Lewis Sosnowik, a bank analyst for Koonce Securities Inc., Rockville, Md.

While the small banks don't offer as many services as larger institutions, banks like Mr. Crovo's are cherry picking customers from larger banks by touting personalized, friendly service and a quick turnaround on loans.

So far, the philosophy seems to be working.

Springfield, Va.-based Hallmark Bank & Trust Co.'s assets soared to $49.2 million at yearend, up from $28.7 million at the end of 1986. The bank posted net income for 1987 of $342,000, up from $318,000 the previous year.

Likewise, two-year-old Fairfax Bank & Trust Co., Fairfax, Va., has been growing at a steady clip. For the year that ended Dec. 31, its assets spurted to $48.5 million, up 32.2% from the date on 1986. Loans grew to $33 million, up from $17 million the previous year, and the bank had net income of $513,000, up from $224,000.

"Our goal is to serve our customer as best we can," said Charles Curtis, Fairfax Bank's president and chief executive officer. "If we can continue to do that, we will have good growth and good earnings."

Meanwhile, Security Bank Corp., Manassas, Va., is taking on larger regional powers like Sovran Bank and Signet Bank. Manassas' population is only 20,000, but Security Bank president J. William Garry saw enough room for a community bank.

The competition has not been a problem, Mr. Garry said. "Our dollar bill is as green as anybody's dollar bill."

Although the 19-month-old bank posted a $43,000 loss for the year due to startup costs, assets reached $20.4 million on Dec. 31, up from $10.3 million at the end of 1986.

Executives of some larger institutions are not threatened by the rash of small banks. The larger banks that are based in Washington or that have significant branches in the city say they process loans just as quickly and on location.

"We haven't felt the pinch from the small community banks," said David Palombi, a spokesman for Riggs National Bank of Washington. "Some of the small banks like to spread the idea that being big is bad. That is a misconception."

The dramatic growth in small banks reflects the growth in Washington's suburbs. In the area known as the Baltimore-Washington Common Market, the population is 5.9 million, ranking fourth among the nation's largest urban markets. The area's population was 5.4 million in early 1982. As the number of residents has increased, so have bank deposits and the need for more banking services.

In neighboring Montgomery County, Md., which is considered a suburb of Washington, total deposits had grown to $4.5 billion as of March 31, 1987, up from about $2.8 billion four years earlier, according to Sheshunoff & Co., an Austin, Tex.-based bank consulting firm. Similarly, in Fairfax County, Va., total deposits were $4.9 billion on March 31, 1987, up from about $3 billion in 1983.

"Economic growth in the Washington area has been steady but rapid," said Sidney A. Bailey, Virginia's commissioner of financial institutions. "Economic growth brings with it the need for financial services."

Executives of small banks also contend that customers of big banks are dissatisfied with service, which has opened the door for community banks.

The Personal Touch

"People tend to prefer banking relationships on some personal basis," Mr. Bailey said. "They like to believe they know their banker and can rely on his advice."

The smaller institutions also argue that the larger banks concentrate on big loans, leaving a gap for small banks.

"The issue is that small banks deal in loan sizes from $250,000 to $700,000. They are the nuisance type of loans to the larger banks," said Michael A. Sullivan, president of McLean, Va.-based Bank 2000.

Organized in 1985, Bank 2000 is gearing for growth. The $44 million-asset bank had net income of $256,889 in 1987, compared with a loss of $242,059 the previous year.

Meanwhile, its holding company, Bancshares 2000 Inc., has raised about $5 million to start a second independent community bank 10 miles away in Reston, Va. The Bank 2000 in Reston is expected to open in March.

In Montgomery County, the increase in the number of small new banks follows a period of consolidation, said Wilmer L. Tinley, president of Bethesda-based Montgomery National Bank, which opened in June.

At one time, there were 11 independent banks in the county, Mr. Tinley said. Now there are four. "We felt there was a viable market because of the lack of small institutions in Montgomery County," Mr. Tinley said.

Mr. Sosnowik of Koonce Securities' says the small institutions are simply nursed to profitability and then put up for sale to larger banks that want a foothold in the market.

In recent years, executives of small banks have sold their operations at three times their book value.

"These banks are not being founded over lunch at McDonald's," Mr. Sosnowik said. "People who have founded these banks 14 years ago [and have sold them] are trying to do it again."

Mr. Tinley says he is not out for a quick profit but intends to manage the Montgomery National Bank for the long term.

Appeal to Large Banks

Large banks are attracted to the community institutions because, rather than opening a new branch, they can buy the small bank and have a ready made base of deposits, assets, and loans.

One concern among executives at small institutions is that more and more small banks will continue to sprout up. If they are not acquired by larger institutions, the market will become saturated.

Bank 2000's Mr. Sullivan says the small banks will cannibalize each other's customer base.

"You will see them grow for four to six years and peak out," he said. "Then you will see a number of them just sit there." ■

An American Banker Survey

Banks Look to Affinity Groups For Credit Card Growth in '88

Continued from Page 1

ty-group marketing.

Affinity-group programs "seem to be the hot button this year and next year," said K. David Elgena, president of First City Bank-Sioux Falls, South Dakota, a subsidiary of First City Bancorporation of Texas Inc., Houston.

Maryland Bank NA, Newark, Del., a leader in affinity-group marketing, continues to get good results from that technique. The number of accounts at Maryland Bank jumped about 45% in 1986 and 50% last year, mainly because of affinity-group programs, said Bruce L. Hammonds, executive vice president at Maryland Bank.

"I think [banks] will become more sophisticated in marketing in general," said Randolph W. Wyckoff, executive vice president at Signet Bank, Richmond, Va.

But some industry observers questioned how effective affinity-group marketing will be.

"I'm concerned about the potential for affinity marketing over the next year," said Joel P. Friedman, director of strategic management at Arthur Andersen & Co., San Francisco.

Some industry observers compared the declining efficiency of affinity-group marketing to the same trend in direct-mail marketing.

Direct mail was a favorite marketing technique for several years. It was ranked as the most effective method for attracting new accounts last year, according to the survey.

But as more banks jumped on the direct-mail bandwagon, it became increasingly difficult to attract new, creditworthy accounts. "Direct mail has just not been pulling like it has in the past," Mr. Elgena said.

But at the same time, warned Mr. Friedman, "The affinity group has become extremely cluttered."

Researchers estimate that about 6% of the 250 million MasterCard and Visa cards in the United States, or 12 million to 15 million cards, have already been issued as part of affinity-group programs.

Banks: Page 16

LEGAL ADVERTISING

Legal Notice

NOTICE IS HEREBY GIVEN that an order entered by Hon. Judge John Marmarellis in the Civil Court of the City of New York, County of Queens, on the 23rd day of February, 1988, bearing Index No. N-38/88, a copy of which may be examined at the office of the Clerk, located at 120-55 Queens Boulevard in the County of Queens grants the right, effective on the 5th day of April, 1988, and authorizes me to assume the name of JOSEPH CELLA. My present address is 28 Church Street, Howard Beach, New York, the date of my birth is June 1, 1950; the place of my birth is Brooklyn, New York. My present name is Joseph Fenezia.

Foundation Notice

NOTICE

The annual report of **THE BERNARD M. TWERSKY FOUNDATION** for the fiscal year ended October 31, 1987 is available at its principal office located at c/o Kaye, Scholer, Fierman, Hays & Handler, 425 Park Avenue, New York, NY 10022, (212) 836-8000 for inspection during regular business hours by any citizen who requests it within 180 days hereof. The Principal Manager of the Foundation is Julius Berman.

Auction Notices

William Cohen auctr. sells 10 AM on 3/8/88 at 131-41 Sanford Ave '81 Honda JHMSN5221BC028931 Re: J.L. or B.A. Williams et al. Published 2/24 & 3/2/88.

Ronald Zaza auctr will sell on 3/14/88 at 9 AM at 108 Glen Cove Ave, '81 Datsun #JN1HZ04S2BX402488 Re: Alan Morganstern. Published 3/2 and 3/9/88.

J.L.M. Auto will sell on 3/27/88 at 9 AM at 415 W. 54 St. NYC 1977 Mercury F7H94F508386F Re: Rubin Bolton. Published 3/2 & 9/88.

J.L.M. Auto will sell on 3/16/88 at 9 AM at 415 W. 54 St. NYC 1978 Cady 6S69B8Q460302 Re: Edgar Lopez. Published 3/2 & 9/88.

Ronald Zaza auctr sells 3/11/88 at 9 AM at 6102 69th St 1981 Audi WAUGB0437BN099299 Re: David Lotharp. Published 3/2/88 & 3/9/88.

Bank Call Notice

REPORT OF CONDITION OF

MARINE MIDLAND BANK, N.A.

Of Buffalo, New York, 14240
And Foreign and Domestic Subsidiaries

In the state of New York, at the close of business on December 31, 1987, published in response to call made by Comptroller of the Currency, under title 12, United States Code, Section 161. Charter number 16338Comptroller of the Currency Northeastern District

ASSETS	Dollar Amounts in Thousands
Cash and balances due from depository institutions	
Noninterest-bearing balances and currency and coin	$ 1,352,909
Interest-bearing balances	812,387
Securities	935,866
Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs	50,000
Loans and lease financing receivables:	
Loans and leases, net of unearned income 17,228,417	
LESS: Allowance for loan and lease losses 828,310	
Loans and leases, net of unearned income, allowance, and reserve	16,400,107
Assets held in trading account	86,897
Premises and fixed assets (including capitalized leases)	244,609
Other real estate owned	7,044
Investments in unconsolidated subsidiaries and associated companies	3
Customers' liability to this bank on acceptances outstanding	422,540
Intangible assets	94,339
Other assets	564,827
TOTAL ASSETS	$20,971,526
LIABILITIES	
Deposits:	
In domestic offices	$13,384,453
Noninteres-bearing 3,354,577	
Interest-bearing 10,029,876	
In foreign offices, Edge and Agreement subsidiaries, and IBFs	3,254,092
Noninterest-bearing 45,365	
Interest-bearing 3,208,727	
Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaires, and in IBFs	1,337,432
Demand notes issued to the U.S. Treasury	50,000
Other borrowed money	965,751
Mortgage indebtedness and obligations under capitalized leases	69,347
Bank's liability on acceptances executed and outstanding	425,584
Notes and debentures subordinated to deposits	335,000
Other liabilities	649,863
TOTAL LIABILITIES	$20,471,522
EQUITY CAPITAL	
Common stock	$ 180,000
Surplus	389,260
Undivided profits and capital reserves	(69,254)
TOTAL EQUITY CAPITAL	500,006
TOTAL LIABILITIES, LIMITED-LIFE PREFERRED STOCK, AND EQUITY CAPITAL	$20,971,528

I, WALTER W. BROWN, Controller & Chief Accounting Officer, of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

WALTER W. BROWN
February 8, 1988

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

THOMAS F. DONOVAN
NORTHRUP R.KNOX
CHARLES G. BLAINE
Directors

Banks Look to the Affinity Groups for Card Growth

Continued from Page 14

Mr. Friedman said banks should devote more effort to marketing cards to their own customers and persuading existing cardholders to increase their balances.

"The banks spend very little marketing to their own customers," he said. "The cross-sell is deserving of more attention."

The *American Banker* survey found that bankers ranked cross-selling a distant third as the expected best source for new accounts in 1988.

The newspaper's survey also asked banks about their credit card enhancements. Enhancements are extra features, such as insurance products, various emergency services, or discounts at stores, that are included as part of the bank's credit card offering to make it more attractive to consumers.

Most Common Enhancements

According to the *American Banker* survey, the most common enhancements now offered with standard cards are access to the card account by check, access by automated teller machine, and insurance for injury or death while traveling.

The survey found that the most common enhancements on premium cards are those for standard cards plus credit card registration, in which the provider agrees to notify all the customers' credit card issuers if his or her cards are stolen.

Bankers ranked ATM and check access as the most effective enhancements for attracting customers to their cards.

AN American Banker SURVEY

"The ATM access is a very strong feature," said Henry Silver, a vice president at Wells Fargo Bank, San Francisco. He said it is especially useful with the proliferation of shared teller machine networks, which connect ATMs in different regions and around the country.

But some industry observers question the importance of enhancements.

"If everyone has the same enhancements, you don't have any differentiation," Mr. Friedman said. "What we've ended up with enhancements that are throwaways."

A truly useful enhancement is one that is unusual and brings real value to the cardholder, he said.

"American Express was very clever. They found an enhancement that no one else was offering," said Mr. Friedman, referring to the company's buyers assurance program.

Under that program, introduced in September 1986, American Express agreed to extend the warranty coverage for products purchased with the American Express card.

"Now a lot of banks have followed suit," Mr. Friedman said. "And American Express has gone one step further," referring to a program announced in November that insures items purchased with the American Express card against theft, fire, accidental damage, or loss.

Donald J. Auriemma, a Garden City, N.Y., consultant, said that a high credit line and a reasonable interest rate are more important considerations than enhancements.

"If you don't have one of those two things, you've got a loser," he said.

Mr. Silver of Wells Fargo argued that enhancements are "important in that they permit you to be competitive," but he acknowledged that "pricing is probably more important."

According to the *American Banker* survey, the most popular enhancements planned for 1988 are legal services, discounts on travel services, and emergency medical service while traveling.

Next: One half of surveyed banks expect higher profits from the merchant side of the credit card business.

New-Account Winners

Banks rank the following techniques as the best for getting new accounts in 1987

Direct mail	43%
In-branch advertising	15
Cross-selling to customers	13
Affinty-group marketing	13
Portfolio acquisitions	6
Newspaper advertising	3
Ads at merchant locations	2
Through agent banks	2

Base: 60 respondents
Source: American Banker

Most Successful Enhancements

Percentage of banks surveyed ranking the following enhancements as best in attracting consumers to their credit cards

ATM access to card account	25%
Check access to card account	25%
Credit card registration	25%
Insurance for death/injury while traveling	6%
Shopping discounts	5%
Travel discounts	5%
Cash rebates	5%
Discounts at restaurants	2%
Discounts for car rental	2%

Base: 60 respondents
Source: American Banker

Premium Card Enhancements

Percentage of banks surveyed offering special features with premium credit cards

Services banks offer	Total	Free	For a fee
Insurance for injury/death while traveling	80%	78%	0%
ATM access to card account	72	63	5
Check access to card account	70	65	5
Credit card registration	68	58	10
Discounts for car rental	55	52	2
Insurance to cover card balance in case of death or injury	45	3	42
Message service while traveling	33	33	0
Travel discounts	33	25	7
Lost luggage insurance	32	32	0
Insurance to cover card balance in case of unemployment	32	3	27
Term life insurance	20	7	13
Shopping discounts	17	8	8
Emergency medical service while traveling	12	10	0
Discounts at restaurants	7	3	3
Extra warranty coverage for purchases	5	2	3
Emergency tickets/cash	5	3	0
Cash rebates	2	2	0
Emergency road service	2	2	0
Services banks plan to offer			
Travel discounts	20%	12%	5%
Legal services	17	2	12
Emergency medical service while traveling	15	10	2
Insurance to cover card balance in case of unemployment	13	21	10
Message service while traveling	13	8	2
Insurance to cover card balance in case of death or injury	12	3	7
Extra warranty coverage for purchases	12	0	10
ATM access to card account	10	7	2
Shopping discounts	10	2	7
Discounts for car rental	10	5	3
Check access to card account	8	8	0
Lost luggage insurance	8	5	2
Term life insurance	8	0	7
Credit card registration	7	3	2
Insurance for injury/death while traveling	5	5	0
Discounts at restaurants	5	2	2
Cash rebates	5	5	0
Telephone shopping	2	0	2

Sums of "free" columns and "for an extra charge" columns may not equal "total" columns because of incomplete answers by respondents.
Base: 60 responses.
Source: American Banker

Standard Card Enhancements

Percentage of banks surveyed offering special features with standard credit cards

	Total	Free	For an extra charge
Services banks now offer			
ATM access to card account	78%	68%	7%
Check access to card account	75	67	8
Insurance for injury/death while traveling	72	67	3
Insurance to cover card balance in case of death or injury	62	2	60
Credit card registration	52	13	35
Insurance to cover card balance in case of unemployment	45	2	43
Discounts for car rental	43	35	8
Term life insurance	27	5	22
Travel discounts	22	7	15
Shopping discounts	13	3	10
Lost luggage insurance	10	5	5
Message service while traveling	8	5	3
Discounts at restaurants	5	2	3
Extra warranty coverage for purchases	3	0	3
Emergency medical service while traveling	2	2	0
Cash rebates	2	2	0
Emergency tickets/cash	2	0	2
Services banks plan to offer			
Travel discounts	18%	5%	13%
Legal services	17	0	15
Extra warranty coverage for purchases	13	0	13
Insurance to cover card balance in case of unemployment	13	0	12
ATM access to card account	10	7	3
Credit card registration	10	0	10
Insurance to cover card balance in case of death or injury	10	0	8
Shopping discounts	10	0	7
Lost luggage insurance	8	2	5
Discounts for car rental	8	2	7
Emergency medical service while traveling	7	2	5
Message service while traveling	7	2	5
Check access to card account	5	3	2
Term life insurance	5	0	5
Discounts at restaurants	5	2	3
Insurance for injury/death while traveling	2	2	0
Cash rebates	2	2	0
Telephone shopping	2	0	2
Emergency road service	2	0	2

Sums of "free" columns and "for an extra charge" columns may not equal "total" columns because of incomplete answers by respondents.
Base: 60 respondents.
Source: American Banker